



**The Comptroller General
of the United States**

Washington, D.C. 20548

Decision

Matter of: Manuel Rubio, Jr. - Real Estate Expenses - Hazard Insurance
File: B-232729
Date: March 1, 1989

DIGEST

A transferred employee, whose residence at his old station remained vacant for a protracted period, was required to pay a higher premium for hazard insurance coverage. The employee claims reimbursement for this increased insurance cost as a real estate expense. Since paragraph 2-6.2d(2)(a) of the Federal Travel Regulations specifically precludes reimbursement of costs of loss and damage insurance, the claim may not be allowed. Mark Kroczyński, 64 Comp. Gen. 306 (1985).

DECISION

This decision is in response to a request from an authorized certifying officer, United States Section, International Boundary and Water Commission. It concerns the entitlement of an employee to be reimbursed certain insurance costs in connection with the sale of a residence incident to a permanent change of station. We conclude that he may not be reimbursed, for the following reasons.

BACKGROUND

Mr. Manuel Rubio, Jr., an employee of the United States Section, was transferred from Del Rio, Texas, to Presidio, Texas, in September 1986, at which time he placed his Del Rio residence on the market. Between November 1986, when his family moved to Presidio, and March 1988, when he rented his residence pending sale, his Del Rio residence remained vacant. Because of that condition, Mr. Rubio needed additional hazard insurance coverage. Since his insurance company did not provide such coverage, Mr. Rubio had to secure coverage from another insurance company in February 1987. The annual premium cost of that insurance was \$1,020, which was \$854 more than his normal hazard insurance for the same coverage.

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Mr. Rubio's claim for this increased cost was disallowed by the agency. Mr. Rubio contends that since it was his mortgage lender who required him to maintain hazard insurance on the property and since the increase in cost only occurred because of his transfer, the insurance premium should be treated as a properly reimbursable real estate expense.

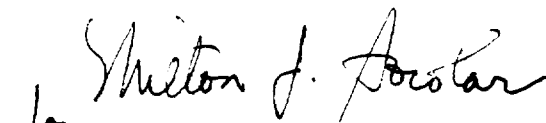
OPINION

Under the regulations governing the reimbursement of relocation expenses, paragraph 2-6.2d(2) of the Federal Travel Regulations (FTR)^{1/}, provides in part:

"(2) Nonreimbursable items. . . .

"(a) . . . insurance against loss or damage of property. . ."

In our decision in Mark Kroczyński, 64 Comp. Gen. 306. (1985), we pointed out that even though a mortgage lender requires the employee to purchase hazard insurance, the cost of that insurance is nonreimbursable in view of the specific prohibition in FTR, para. 2-6.2d(2)(a). While that case involved insurance as a requirement imposed by a mortgage lender on the employee as purchaser, we believe that the same conclusion is required in a situation where the expense is imposed on an employee when he must leave his residence at his old duty station vacant pending its sale. Therefore, it is our view that the decision in Kroczyński is controlling in the present case and Mr. Rubio's claim must be denied.


for Comptroller General
of the United States

^{1/} (Supp. 4, Aug. 23, 1982), incorp. by ref., 41 C.F.R. § 101-7.003 (1986).